



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

OCT 26 2012

Joseph M. Landrum, Treasurer
National Right to Life Political Action Committee
512 10th Street, NW
Washington, DC 20004

RE: MUR 6670
National Right to Life Political
Action Committee and Joseph
Landrum in his official capacity
as treasurer

Dear Mr. Landrum:

In the normal course of carrying out its supervisory responsibilities, the Federal Election Commission (the "Commission") became aware of information suggesting the National Right to Life PAC and you in your official capacity as treasurer ("Committee") may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). On August 8, 2012, the Committee was notified that it was being referred to the Commission's Office of the General Counsel for possible enforcement action under 2 U.S.C. § 437g. On October 16, 2012, the Commission found reason to believe that the Committee violated 2 U.S.C. § 434(b), a provision of the Act. Enclosed is the Factual and Legal Analysis that sets forth the basis for the Commission's determination.

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In the meantime, this matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

Please note that you have a legal obligation to preserve all documents, records and materials relating to this matter until such time as you are notified that the Commission has closed its file in this matter. See 18 U.S.C. § 1519. If you intend to be represented by legal counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and authorizing such counsel to receive any notification and other communications from the Commission.

We look forward to your response.

On behalf of the Commission,



Caroline C. Hunter
Chair

Enclosures
Factual and Legal Analysis

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: National Right to Life PAC and Joseph M. Landrum
in his official capacity as treasurer

MUR 6670

I. INTRODUCTION

This matter was generated by a referral from the Audit Division ("Referral") following a Commission audit pursuant to 2 U.S.C. § 438(b). On July 11, 2012, the Commission approved the Final Audit Report ("FAR") of National Right to Life Political Action Committee and Joseph M. Landrum in his official capacity as treasurer ("NRTL PAC"), which recommended that the Commission adopt a finding that NRTL PAC misstated its financial activity in 2007 and 2008.

Based on a comparison of bank records with NRTL PAC's reported figures, the FAR showed a misstatement of receipts and cash-on-hand in 2007 and disbursements and cash-on-hand in 2008. In 2007, NRTL PAC overstated beginning cash-on-hand by \$130,932, understated receipts by \$29,624, and overstated ending cash-on-hand by \$104,632. In 2008, it overstated disbursements by \$1,437,635 and understated ending cash-on-hand by \$1,300,378.¹ On August 8, 2012, this Office notified the Respondents of the Referral in accordance with Commission policy. See Agency Procedure for Notice to Respondents in Non-Complaint Generated Matters, 74 Fed. Reg. 38617 (Aug. 4, 2009). NRTL PAC did not respond.²

¹ The audit also compared NRTL PAC's original reports with bank records, which showed that NRTL PAC had overstated disbursements in the amount of \$687,536 for 2007 and 2008.

² Having received no response to the referral notification, the Office of General Counsel contacted the treasurer to inquire whether a response was forthcoming. On September 7, 2012, NRTL PAC's treasurer confirmed that the Committee did not intend to submit a response.

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II. FACTUAL AND LEGAL ANALYSIS

A. Factual Background

The following tables set forth the discrepancies identified in the Referral for NRTL PAC's beginning and ending cash balances, receipts, and disbursements for 2007 and 2008. Each table is followed by an explanation of the misstatements.

Table 1: NRTL PAC 2007 Activity			
Item	Reported	Bank Records	Discrepancy
COH January 1, 2007	\$612,737	\$481,805	\$130,932 Overstated
Receipts	\$53,518	\$83,142	\$29,624 Understated
Disbursements	\$102,265	\$105,589	\$3,324 Understated
COH December 31, 2007	\$563,990	\$459,358	\$104,632 Overstated

According to the Referral, the overstatement of beginning cash-on-hand by \$130,932 in 2007 likely resulted from prior period discrepancies. The understatement of receipts by \$29,624 resulted from unreported bank interest of \$14,771, unreported vendor refunds for radio ads of \$4,051, and an unexplained difference of \$10,802. NRTL PAC also understated disbursements by \$3,324, resulting in a \$104,632 overstatement of its ending cash-on-hand for 2007 (\$130,932 - \$29,624 = \$101,308; \$101,308 + 3,324 = \$104,632).

Table 2: NRTL PAC 2008 Activity			
Item	Reported	Bank Records	Discrepancy
COH January 1, 2008	\$563,990	\$459,358	\$104,632 Overstated
Receipts	\$3,626,011	\$3,593,386	\$32,625 Overstated
Disbursements	\$4,718,401	\$3,280,766	\$1,437,635 Overstated
COH December 31, 2008	(\$528,400)	\$771,978	\$1,300,378 Understated

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According to the Referral, the overstatement of disbursements of \$1,437,635 in 2008 resulted from an unexplained over-reported difference of \$14,692, disbursements to a vendor of \$1,526,656 that NRTL PAC double reported, and other over-reported disbursements of \$80,357, offset by unreported disbursements of \$184,070.

The Referral notes that the duplicate reporting to the vendor, which constitutes the bulk of the over-reported disbursements, was due to NRTL PAC's incorrect reporting of independent expenditures. NRTL PAC paid its printing vendor for independent expenditures in advance of the dissemination dates, and correctly reported these payments on Schedule B, line 21b, as operating expenditures. It also correctly disclosed the printed independent expenditures on Schedule E when it disseminated the materials. Once NRTL PAC disseminated the printed independent expenditure materials, it also should have subtracted the amounts of these expenditures (the previously reported advances) from Schedule B, Line 21b on its next disclosure report. NRTL PAC failed to do so, however, substantially inflating total disbursements by reporting those disbursements twice, once on Schedule B and again on Schedule E.³

In response to the Interim Audit Report's recommendation, NRTL PAC amended its reports to properly disclose 2007 and 2008 activity.

B. Legal Analysis

The Federal Election Act of 1971, as amended (the "Act"), requires treasurers to file reports disclosing the amount of cash-on-hand at the beginning and end of each reporting period;

³ According to the Referral, during the audit hearing, NRTL PAC's counsel stated that most of the misstatement resulted from this bookkeeping error, that NRTL PAC became aware of a reporting error due to a negative cash-on-hand balance prior to filing its disclosure reports, filed those reports with the incorrect negative cash-on-hand balance, and subsequently discovered the error shortly before the audit began.

the total amount of receipts for the reporting period and for the calendar year; and the total amount of disbursements for the reporting period and for the calendar year. See

2 U.S.C. § 434(b)(1), (2), (4). NRTL PAC did not comply with the Act's reporting requirements when it overstated beginning cash-on hand by \$130,932, understated receipts by \$29,624, and overstated ending cash-on-hand by \$104,632 in 2007; and when it overstated disbursements by \$1,437,635 and understated ending cash-on-hand by \$1,300,378 in 2008.

Accordingly, the Commission found reason to believe that National Right to Life PAC and Joseph M. Landrum in his official capacity as treasurer violated 2 U.S.C. § 434(b).

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